

**Attorney General's  
First Set of Information Requests**

**THE BERKSHIRE GAS COMPANY  
D.T.E. 05-58**

**REDACTED**

**Witness:** Karen L. Zink  
**Date:** December 9, 2005

**Question  
AG 1-1:**

Does the proposed contract contain any provisions that would impose any financial liability on Berkshire should Tennessee be unable to complete the ConneXion Project? If yes, please identify the specific provisions and quantify the Company's maximum liability.

**Response:** The Company is not aware of any provisions in the contract that would impose any financial liability on Berkshire should Tennessee be unable to complete the ConneXion Project.

**Attorney General's  
First Set of Information Requests**

**THE BERKSHIRE GAS COMPANY  
D.T.E. 05-58**

**Witness:** Karen L. Zink  
**Date:** December 9, 2005

**Question  
AG 1-2:**

Refer to Ms. Zink's testimony, p. 7. Please explain, in detail what actions the Company has taken to restore, in whole or in part, the benefits that the Company enjoyed under agreements with the Pittsfield Generator. Include the status of any pending claims.

**Response:** As an initial matter, the Company continues to maintain the effectiveness of the Natural Gas Transportation Agreement and continues to charge and collect its operating and maintenance costs associated with the feedline running to the Pittsfield Generating plant. To the extent the plant is reactivated, the Company will seek to negotiate comparable rights with the plant operator. The Company expects to take such actions as may be appropriate and in the interest of customers to maintain its existing contractual rights and to identify opportunities where the negotiation of changes to its contractual rights also might be implemented.

**Attorney General's  
First Set of Information Requests**

**THE BERKSHIRE GAS COMPANY  
D.T.E. 05-58**

**Witness:** Karen L. Zink  
**Date:** December 9, 2005

**Question**

**AG 1-3:** Please provide a copy of the AFPA. Include copies of the original agreement and all amendments. Include a brief history of the Company's relationship with the generator and how the AFPA came into being.

**Response:** A copy of the AFPA is provided as Attachment AG 1-3(a). The original Fuel Purchase Agreement is provided as Attachment AG 1-3(b).

The AFPA arose out of a request from the developer of the Pittsfield Generating Plant in the late 1980's to construct a gas pipeline to connect the Tennessee mainline to the plant in Pittsfield. The original arrangement included a number of beneficial provisions for the Company's customers, including a limited purchase right. Later in the course of the development of the plant, Berkshire was asked to assume a greater level of development risk for the feedline. Berkshire's shareholders agreed to assume such risk in part in exchange for a number of agreements to the benefit of customers. These benefits included firm capacity in the feedline, purchase rights, surge protection and joint balancing provisions. These benefits were made available to customers at no cost (other than the purchase price for gas) or no demand or capacity charges. These provisions, in effect for nearly fifteen years, secured tens of millions of dollars of benefit for the Company's customers.

AMENDMENT TO FUEL PURCHASE AGREEMENT

This Amendment to that certain Fuel Purchase Agreement, by and between The Berkshire Gas Company, a Massachusetts corporation ("Berkshire Gas"), and Altresco, Inc., a Colorado corporation ("Altresco, Inc.") dated March 15, 1989 (the "Fuel Purchase Agreement"), is made this 11th day of December, 1992, by and between Berkshire Gas and Altresco Pittsfield L.P., a Delaware limited partnership ("Altresco").

WITNESSETH

WHEREAS, Berkshire Gas and Altresco, Inc. executed the Fuel Purchase Agreement as part of an integrated, multi-faceted arrangement developed in connection with the construction and implementation of a natural gas pipeline to deliver natural gas to a 156-megawatt, primarily gas-burning cogeneration plant located in Pittsfield, Massachusetts (the "Facility"), to be owned and operated by Altresco;

WHEREAS, Berkshire Gas and Altresco, Inc. and one or more of its affiliates, have agreed to revise their business arrangement relating to the implementation of the pipeline in a manner that requires, inter alia, an amendment to the Fuel Purchase Agreement; and

WHEREAS, Altresco, Inc. is the general partner of Altresco, and has assigned all of its interests in the Fuel Purchase Agreement to Altresco;

NOW THEREFORE, in consideration of the mutual covenants, agreements and conditions herein contained, and other good and valid consideration, the receipt and sufficiency of which are hereby acknowledged, Berkshire Gas and Altresco agree as follows:

Paragraph 1. Definition of Terms

When used in this Amendment, whether in the singular or in the plural, the following words and terms shall have the following meaning:

A. "Avoided Gas Cost" shall mean Berkshire Gas' daily cost of an incremental gas supply necessary to make an additional quantity of gas available to Altresco pursuant to Paragraph 4 of this Amendment after Berkshire has satisfied its other sales requirements.

B. "Avoided Cost of Service" shall mean the sum of the Avoided Gas Cost, the short run variable operations and maintenance costs, fuel and loss retention, and other customer related costs and carrying charges associated with the Sales Service described in Paragraph 4 of this Amendment. Five (5) Working Days prior to the first day of each month during the Winter Period, unless a different notice period is otherwise mandated by Berkshire Gas'

suppliers or transporters, Berkshire Gas shall inform Altresco of the estimated Avoided Cost of Service of each source of supply for the following month. The notification of such estimated Avoided Cost of Service will be made on a confidential basis and shall not be disclosed by Altresco to any third parties without prior written consent of Berkshire Gas. On or before the second Working Day following the first day of each month, (unless otherwise mandated by Berkshire Gas' suppliers or transporters) Berkshire Gas shall inform Altresco of its Avoided Cost of Service of each of its sources of supply for the entire month. The notification of Such Avoided Cost of Service shall remain in effect until Berkshire Gas gives notice to Altresco of any change therein occurring during a month, provided however, that Berkshire Gas shall use reasonable efforts to give at least two Working Days prior notice of any such change.

C. "Bousquet Delivery Point" shall mean the metering and delivery facilities located on Tennessee's Adams Lateral in Pittsfield, Massachusetts at M.P. 256A-101 + 4.53 and M.P. 256C - 101 + 4.58 through which Tennessee delivers gas to Berkshire Gas 1) on behalf of Altresco pursuant to Tennessee's Rate Schedule NET-EU or other applicable rate schedule; and 2) for Berkshire Gas' system supply needs pursuant to applicable rate schedules, and which point is the interconnection of Tennessee's facilities and the Feedline.

D. "Feedline" shall mean the 6.2 mile natural gas pipeline linking the Bousquet Delivery Point on Tennessee's Adams Lateral with Altresco's 156-megawatt cogeneration facilities located in Pittsfield, Massachusetts ("Facility").

E. "Intermediate Peakday Sendout Quantity" shall mean the total maximum daily quantity of Firm Gas Supplies available to Berkshire Gas during the Winter Period less the maximum daily quantity of its most expensive source of Firm Gas Supply as calculated by that source's Avoided Cost of Service. Five (5) Working Days prior to the first day of each month during the Winter Period, Berkshire Gas shall inform Altresco of such Intermediate Peakday Sendout Quantity.

F. "Winter Period" shall mean the period beginning on November 1st of each year and ending on the following March 31st.

G. "Peak Season Rights" shall mean Berkshire Gas' rights to purchase gas pursuant to Paragraph 1(a) of the Fuel Purchase Agreement as amended by this Amendment.

H. "Firm Gas Supplies" shall mean supplies of natural gas available to Berkshire Gas pursuant to a firm supply contract and transported for delivery pursuant to 1) a firm transportation contract on a high pressure pipeline(s), 2) pursuant to an interruptible transportation contract on such a pipeline(s) when such interruptible transportation is made by backhaul or displacement or 3) propane that can be injected into Berkshire Gas' distribution system from Berkshire Gas' propane vaporization plants.

I. "Working Day" - a day which is not a Saturday, a Sunday, or any holiday observed by Tennessee, Berkshire Gas or Altresco.

Paragraph 2. Peak Season Rights

Paragraph 1(a) of the Fuel Purchase Agreement is amended so that, subject to the conditions in Paragraph 3 of the Fuel Purchase Agreement, Altresco shall offer to Berkshire Gas at the Bousquet Delivery Point (or other delivery points as agreed to by Berkshire Gas, Altresco and the transporting pipeline(s)) up to 7,500 MMBtu per day (or a mutually agreed upon greater quantity) and a total quantity not to exceed 315,000 MMBtu (or a mutually agreed upon greater quantity) during the Winter Period that Berkshire Gas determines, in its sole judgment, that economical purchase of natural gas can be made under this Paragraph 2 ("Peak Season Rights"). Five (5) Working Days prior to the first of each month during the Winter Period Altresco shall inform Berkshire Gas of the estimated price for any purchases of natural gas under this Paragraph 2 made during the next month as determined in Section 5 of the Fuel Purchase Agreement. Berkshire Gas shall give Altresco 24 hours notice if such Peak Season Rights are required, and upon receipt of such notice, Altresco shall provide the requested Peak Season Rights. If such notice is made less than 24 hours prior to the need for Peak Season Rights, then Altresco shall provide Peak Season Rights on a best-efforts basis.

Paragraph 3. Surge Protection Service

A. Altresco shall make available to Berkshire Gas at the Bousquet Delivery Point (or other delivery points as agreed to by Berkshire Gas, Altresco and the transporting pipelines) back-up gas supplies of up to 31,500 MMBtu per day ("Surge Protection Service") in the event of proration or curtailment of firm gas supplies (including propane) or firm pipeline capacity by Berkshire Gas' supplier(s) or transporter(s). Such Surge Protection Service shall be subject to the same limitations and terms and conditions contained in Paragraph 3 of the Fuel Purchase Agreement. Berkshire Gas shall give Altresco 24 hours notice if such Surge Protection Service is required and upon receipt of such notice, Altresco shall provide the requested Surge Protection Service. If such notice is made less than 24 hours prior to the need for Surge Protection Service, then Altresco shall provide Surge Protection Service on a best-efforts basis. Berkshire Gas may exercise at its sole discretion its Peak Season Rights pursuant to Paragraph 2 hereof before exercising its right to Surge Protection Service hereunder.

B. Berkshire Gas shall pay Altresco for all quantities of natural gas acquired pursuant to the Surge Protection Service at a basic rate per MMBtu equal to 110% of the price provided in the Fuel Purchase Agreement for Peak Season Rights. Berkshire Gas shall also pay Altresco an amount to be mutually determined from time to time to compensate Altresco for costs related to plant operation incurred as a result of providing Surge Protection Service determined as follows:

1. Berkshire Gas shall pay for all MMBtu's of Surge Protection Service received at a rate equal to 40% of the price for Peak Season Rights. Altresco shall hold in a separate reserve account funds received from Berkshire Gas pursuant to this charge for the operation of the Plant using oil during periods of Surge Protection Service. Altresco shall use the funds from said reserve account for maintenance, repair, or offset to economic damage (including lost revenue during time of repair or replacement of equipment) or physical degradation of plant or equipment caused by the burning of fuel oil during periods and to the extent that Berkshire Gas has utilized Surge Protection Service. Funds held in such reserve account and not expended for the uses herein described shall be returned to Berkshire Gas five years after collection thereof by Altresco. There shall be no interest or penalty to Altresco associated with the holding of these reserve account funds.

2. In calculating refunds from the reserve account established pursuant to Paragraph 3 B of the Amendment, Altresco shall apply the first funds collected pursuant to Paragraph 3 B. and deposited in said reserve account to the uses permitted by Paragraph 3 B. as needed. After use of all the funds first collected, Altresco shall apply the next funds collected and continue this convention until all funds are expensed or all requirements are met. In the event that funds collected are insufficient to pay all costs associated with the economic or physical cost of burning fuel oil, then funds received subsequently shall be applied to the funding deficiency until such deficiency is eliminated at which time Altresco shall again hold funds in the reserve account. Altresco shall provide Berkshire Gas with an accounting of all funds paid into and expended from such reserve account on an annual basis, unless a more frequent basis is mutually agreed upon by Berkshire Gas and Altresco.

3. In no event shall Berkshire Gas pay in excess of 150% of the price for Peak Season Rights for Surge Protection Service.

Paragraph 4.      Sales Agreement

At times during the Winter Period that Berkshire Gas has quantities of natural gas available that are not necessary for Berkshire Gas to satisfy its system requirements and would not require Berkshire Gas to utilize sources of supply in excess of its Intermediate Peakday Sendout Quantity, Berkshire Gas shall offer for sale to Altresco at the Bousquet Delivery Point natural gas in quantities up to 5,500 MMBtu per day solely for Altresco's use in operating its Facility on days on which Altresco's demand for natural gas exceeds 31,500 MMBtu (or such otherwise mutually agreed upon amount). The price (P) for such natural gas shall be calculated as follows:

$$P = A + 95\% (B - A)$$

where:

A = the Avoided Cost of Service of natural gas to Berkshire Gas as a consequence of making sales hereunder.

B = the cost of natural gas delivered on a firm basis by Tennessee to the Bousquet Delivery Point for the account of Altresco and purchased pursuant to Altresco's long-term firm gas supply contract(s);

provided, however, that said sales price shall never fall below one hundred one and one half percent (101.5%) of the Avoided Cost of Service as a consequence of making sales pursuant to this paragraph. Five (5) Working Days before the first day of each month Altresco shall inform Berkshire Gas of the estimated cost of natural gas as set out in (B) above, and Berkshire Gas shall inform Altresco of the estimated Avoided Cost of Service, taking account of differing demands on the Berkshire Gas System, as set forth in (A) above. Two (2) Working Days after each month, Altresco will provide Berkshire Gas with the actual cost of natural gas as set out in (B) above. The parties recognize that transportation of certain sources of supply available to Berkshire Gas that may be offered for sale to Altresco pursuant to this Paragraph 4 may require the services of one or more suppliers or transporters. Altresco will provide notification to Berkshire Gas of the quantities of natural gas that are desired to be purchased pursuant to this Paragraph 4 at times set by Berkshire Gas in order to meet the nomination deadlines of the ~~respective~~ supplier(s) and transporting pipeline(s).

#### Paragraph 5. Balancing and Exchange Agreement

A. Berkshire Gas shall make use of tariff provisions, such as those allowing or requiring Operational Balancing Agreements (OBA) and other similar provisions that allow changes in nominations during the day which may be provided by Tennessee and Berkshire Gas' suppliers, to coordinate operations in order to reduce, to the maximum practical and economical extent, daily and monthly imbalances with Tennessee. Berkshire Gas and Altresco shall take actions daily during each month to correct any imbalances that may occur by making adjustments in nominations or actual receipts. To the extent practical, Berkshire Gas will use its OBA with Tennessee to make the Altresco receipts at the Bousquet Delivery Point equal to the confirmed nomination for the account of Altresco at the Bousquet Delivery Point on a daily basis. Volumes transported for Altresco shall be deemed first through the meter. Any variances between Altresco's confirmed nominations at the Bousquet Delivery Point and actual receipts by Altresco at the Facility will be considered an imbalance between Berkshire Gas and Altresco ("Berkshire/Altresco Imbalances"). Upon notice from Altresco, Berkshire Gas will, to the extent practical, act to reduce the Berkshire/Altresco Imbalances; however, Berkshire Gas shall not be required to take actions, such as making excessive withdrawals from storage, to reduce Berkshire/Altresco Imbalances which will cause economic harm to its ratepayers or compromise its supply security. If in



spite of daily efforts by the parties in coordinating operations, the Berkshire/Altresco Imbalance is of the magnitude to cause Tennessee to impose a daily imbalance charge or other applicable fee, a share of such charge(s) or fee(s) will be assessed to Altresco based upon its proportional share of the total imbalance with Tennessee that was incurred by both Berkshire Gas (for its system requirements) and the Berkshire/Altresco Imbalance. All end of month Berkshire/Altresco Imbalances will be cashed out or settled in the identical manner as provided by Tennessee's FERC Tariff as if the Berkshire/Altresco Imbalance was the actual monthly imbalance between Altresco and Tennessee at the Bousquet Delivery Point. Altresco will also be assessed any applicable transportation fees, imbalance penalties, monthly imbalance service charges or any other applicable fees caused by the Berkshire/Altresco Imbalance. Altresco and Berkshire Gas may also agree to correct any imbalance in kind.

B. Additionally, if mutually agreeable and economically beneficial to both parties, Altresco and Berkshire Gas may agree to settle Berkshire/Altresco Imbalances by buying and selling to each other. Actual deliveries to Altresco at the Facility which are in excess of confirmed nominations will be treated as "Excess Deliveries." Actual deliveries to Altresco at the Facility which are less than confirmed nominations will be treated as "Excess Receipts." If such correction is made among the parties, Berkshire Gas shall sell Excess Deliveries at a price pursuant to Paragraph 4 hereof. Altresco shall sell Excess Receipts to Berkshire Gas at a price for Excess Supply Rights pursuant to Paragraph 5 of the Fuel Purchase Agreement. Any amounts of natural gas purchased by Berkshire Gas pursuant to this Paragraph 5 B shall not be considered in determining the daily or winter period amounts pursuant to Paragraph 2 hereof.

C. On days when Berkshire Gas has nominated deliveries of gas pursuant to agreements not requiring even hourly takes or that allow changes in nomination during the day pursuant to this Paragraph 5, Berkshire Gas shall nominate for delivery at the Bousquet Delivery point to the extent practical, sufficient quantities of gas under its various gas supply contracts to minimize Altresco's expected variation in hourly or revised daily takes, provided that Altresco's hourly takes may not exceed 5.5% of its total daily metered quantity. Further, at no time will Berkshire Gas be required to nominate more than 5,500 MMBtu for delivery at the Bousquet Delivery Point during a single day. The parties further agree to use best efforts to coordinate dispatch nominations to Tennessee for deliveries of natural gas to meet variations in Berkshire Gas' own distribution system needs.

D. Berkshire Gas will be responsible for confirming all nominations of all deliveries by Tennessee to the Bousquet Delivery Point, including gas quantities for the accounts of both Berkshire Gas and Altresco. Altresco shall notify Berkshire Gas by facsimile of Altresco nominated quantities for the Bousquet Delivery Point two hours (or as mutually agreed upon) prior to the time at which Berkshire is required to nominate its daily quantities for its

system supply with Tennessee. Berkshire shall also provide Altresco with the previous day's Berkshire/Altresco Imbalance by facsimile two hours (or such other time as mutually agreed upon) prior to the time Altresco is required to nominate its daily gas quantities for the Facility with Tennessee.

E. Berkshire Gas and Altresco recognize that Tennessee's FERC Gas Tariff is subject to change from time to time and that changes in the future may effect operations under this Amendment. Berkshire Gas and Altresco may confer after any such change and develop procedures or revise this Amendment to achieve the goals of economic, coordinated delivery of Berkshire Gas' supplies and Altresco's supplies to the mutual benefit of the parties.

Paragraph 6. Accounting Conventions, Record Keeping Requirments

A. At times when Berkshire Gas is not accepting natural gas from Altresco pursuant to Paragraph 1(a) of the Fuel Purchase Agreement as amended by Paragraph 2 of this Amendment, it shall be deemed for purposes of determining a price for Firm Gas Supplies for sale to Altresco pursuant to Paragraph 4 hereof that Berkshire Gas has not utilized any sources of supply in excess of its Intermediate Peakday Sendout Quantity.

B. Berkshire Gas and Altresco shall exchange information on as frequent a basis as necessary to facilitate the efficient, economical and safe operation of Berkshire Gas' system, the Feedline and Altresco's Facility. To that end, Berkshire Gas and Altresco shall designate operating personnel to receive information from and transmit daily information to the other party. Such designated personnel shall meet on a regular basis to resolve any difficulties in the transmission or receipt of information and to familiarize themselves with the operations of the other in order to understand and improve the quality of the communications between Berkshire Gas and Altresco.

C. All billings and payments for the services provided in Paragraphs 2, 3, 4 and 5 of this Amendment will be rendered and paid by the applicable party in accordance with the procedures described in Articles 9 and 10 of the Natural Gas Transportation Agreement, dated March 15, 1989, between Berkshire Gas and Altresco.

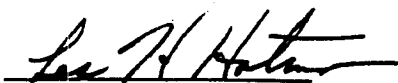
Paragraph 7. Integration with Other Agreements

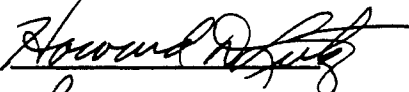
This Amendment shall amend the Fuel Purchase Agreement to the extent necessary to implement the agreements contained herein. Any conflict, contradictions, or ambiguities created by comparison of this Amendment and the Fuel Purchase Agreement shall be resolved by giving full force and effect to the provisions contained herein, and all interpretations of said Fuel Purchase Agreement shall be made in a manner consistent with and supportive of the agreements contained herein. Except as changed by this Amendment the Fuel Purchase Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of this 11th day of December, 1992.

The Berkshire Gas Company

Altresco Pittsfield L.P.  
by its General Partner,  
Altresco, Inc.

By: 

By: 

Its: Vice President

Its: PRESIDENT

FUEL PURCHASE AGREEMENT

THIS AGREEMENT is entered into this 15th day of March, 1989, by and between THE BERKSHIRE GAS COMPANY, a Massachusetts corporation, hereinafter referred to as "Berkshire," and ALTRESKO, INC., a Colorado corporation, hereinafter referred to as "Altresco."

WITNESSETH:

WHEREAS, Altresco and Berkshire have entered into a Natural Gas Transportation Agreement dated March 15, 1989 (hereinafter, the "Berkshire Transportation Agreement") pursuant to which Berkshire agreed to transport and deliver on a firm basis up to forty thousand (40,000) MMBtu's per day on behalf of Altresco to Altresco's cogeneration facility to be constructed in Pittsfield, Massachusetts;

WHEREAS, Altresco has or will acquire a firm supply of Canadian natural gas (hereinafter the "Gas Purchase Agreement") and has or will make the necessary contractual arrangements (hereinafter the "Transportation Agreements") to have such natural gas supply transported through the pipeline facilities of NOVA Corporation of

Alberta, TransCanada PipeLines Limited, Tennessee Gas Pipeline Company and such other pipeline facilities as may be necessary to Berkshire's gas distribution facilities for transportation to Altresco's cogeneration facility;

WHEREAS, Berkshire desires to obtain certain rights to purchase quantities of natural gas under contract with Altresco and to cause Altresco to assist in the transportation of such quantities under the Transportation Agreements, including the Berkshire Transportation Agreement, to such point of interconnection between the gas pipelines of Berkshire and Altresco as may be established under section 5.1 of the Berkshire Transportation Agreement; and

WHEREAS, Altresco has agreed to arrange for the sale and transportation of such quantities of natural gas for Berkshire subject to the terms and conditions hereof;

NOW, THEREFORE, in consideration of the mutual covenants, agreements and conditions herein contained, the Parties hereby agree as follows:

1. Grant of Gas Purchase Rights: Altresco hereby grants, conveys, assigns and transfers to Berkshire the following rights to purchase quantities of natural gas

acquired by Altresco pursuant to the Gas Purchase Agreement and transported to Altresco pursuant to the Transportation Agreements, including the Berkshire Transportation Agreement:

(a) Peak Season Rights: Subject to the limitations contained in sections 2, 3 and 4, for the period from December 15 through February 15 (the "Peak Season") throughout the term of this Agreement, Berkshire shall have the right to purchase up to three thousand, five hundred (3,500) MMBtu's per day. The exercise of Peak Season Rights by Berkshire shall also be subject to the availability of natural gas to Altresco under the Gas Purchase Agreement and the transportation thereof under the Transportation Agreements to the Point of Receipt, as defined in the Berkshire Transportation Agreement. Altresco shall use all reasonable efforts to arrange for the availability of natural gas and the transportation thereof so as to enable Berkshire to exercise the Peak Season Rights granted herein as of the commencement of operations of Altresco's cogeneration facility or as soon thereafter as is reasonably possible. If, during the term of this Agreement, Altresco's natural gas supply or the transportation thereof are only partially available or are partially interrupted or curtailed, Berkshire's exercise

of its Peak Season Rights shall be reduced pro rata for the duration of such partial availability, interruption or curtailment. In the event that Altresco can arrange for additional amounts of gas available to Berkshire for purchase during such Peak Season, it will so advise Berkshire and the Parties shall discuss the prospect of increasing such amount.

(b) Excess Supply Rights: Subject to the limitations contained in sections 2 and 4, if Altresco determines that it will have available for delivery a quantity of natural gas in excess of its anticipated daily requirements, Berkshire shall have the right, but is not required, to purchase the excess of Altresco's maximum daily quantity under the Gas Purchase Agreement over Altresco's anticipated daily requirements for all or some portion of the scheduled deliveries. The Excess Supply Rights are in addition to the Peak Season Rights and may be exercised by Berkshire as to all or any part of Altresco's excess supply.

2. Operating Procedures: No less than sixty (60) days prior to the Commercial Operation Date of Altresco's cogeneration facility, as defined in the Berkshire Transportation Agreement, Altresco and Berkshire shall agree, in writing, on the nomination and operating procedures and other terms and conditions pursuant to

which Berkshire may exercise the Gas Purchase Rights granted pursuant to section 1.

3. Limitations on Peak Season Rights:

Berkshire's right to exercise the Peak Season Rights pursuant to section 1(a) shall be subject to the following:

(a) Firm natural gas transportation service must be available to Altresco for its maximum daily contract quantity under the Gas Purchase Agreement through the pipeline facilities of NOVA Corporation of Alberta, TransCanada PipeLines Limited, Tennessee Gas Pipeline Company and such other pipeline facilities as may be necessary to transport such quantity to Altresco's cogeneration facility, except that, if during the term of this Agreement, Altresco shall have available to it firm natural gas transportation service for a quantity which is less than such maximum daily contract quantity, Berkshire's Peak Season Rights shall be reduced during the period of limited availability by the percentage derived by dividing the daily quantity of firm transportation capacity available to Altresco by such maximum daily contract quantity;

(b) Berkshire shall not exercise its Peak Season Rights at such times as Altresco does not have available to it an alternative fuel supply with which to supply the cogeneration facility or, even if an



alternative fuel supply is available, at such time as Altresco, in its sole and reasonable discretion, determines that it is limited by environmental constraints as to the burning of available alternative fuels (including reasonable projections by Altresco of future environmental constraints); and

(c) Altresco, from time to time, may impose operational requirements in addition to those agreed to pursuant to section 2 as are reasonably needed to ensure the safe, reliable and efficient operation of the cogeneration facility. To the extent so constrained, Altresco will use its reasonable efforts to provide make-up service during subsequent cold weather periods.

4. Regulatory Approvals: The parties acknowledge and agree that Berkshire's exercise of the Gas Purchase Rights is subject to the receipt of all necessary permits, consents and approvals from the appropriate regulatory authorities both in the United States and Canada. The parties shall cooperate and use their best efforts to obtain such permits, consents and approvals to implement the terms of this Agreement provided, however, that no action shall be taken that would in any way hinder or impair the schedule of regulatory approvals currently underway, would impact any regulatory approvals already obtained or would otherwise impact or restrict the

original intent or operation of the Gas Purchase Agreement or the Transportation Agreements. Upon request by Berkshire, Altresco agrees to exercise its reasonable efforts to cause Altresco's gas suppliers to seek an amendment of any authorization granted by the National Energy Board, the Alberta Energy Resources Conservation Board or the Economic Regulatory Administration to permit Berkshire to exercise the Gas Purchase Rights granted herein. Berkshire shall be responsible for any cost incurred by Berkshire (including attorneys' fees) in seeking the appropriate authorizations and shall reimburse Altresco and/or its gas suppliers for any and all costs incurred by Altresco and/or its gas suppliers (including attorneys' fees) in assisting Berkshire in this regard that would not otherwise be incurred by Altresco and/or its gas suppliers pursuant to their original regulatory filings. Nothing contained in this Agreement shall impose any obligation on Altresco to take any action hereunder which would cause Altresco to be considered a "natural gas company" as defined in the Natural Gas Act.

5. Price: Berkshire shall pay Altresco for all quantities of natural gas acquired by Berkshire pursuant to its Excess Supply Rights at a rate per MMBtu which is the sum of (i) a base commodity price of one dollar and twenty-five cents (\$1.25) per MMBtu in United States

currency, adjusted as provided for in subsection (a),  
(ii) all transportation costs (including commodity, fuel and other charges as well as demand (as allocated pursuant to subsection (b)) and other fixed cost components) incurred by Altresco under the Transportation Agreements, plus (iii) any other taxes, fees or surcharges which may be levied by any body having jurisdiction on the sale of natural gas, or the transportation thereof, pursuant to this Agreement. Berkshire shall pay Altresco for all quantities of natural gas acquired by Berkshire pursuant to its Peak Season Rights at a rate which is the sum of (i) the rate paid for natural gas acquired pursuant to Berkshire's Excess Supply Rights plus (ii) the product of (x) the excess of the cost per MMBtu of the least expensive available alternative fuel that can be utilized in Altresco's cogeneration facility as of the time that Berkshire exercises its Peak Season Rights over the cost per MMBtu of natural gas purchased by Altresco under the Gas Purchase Agreement as of such time and (y) the number of MMBtu's acquired by Berkshire pursuant to its Peak Season Rights. The parties may agree from time to time in writing on a different pricing formula for natural gas acquired by Berkshire under either its Peak Season Rights or Excess Supply Rights.

(a) The base commodity price shall be adjusted in accordance with and at the same time as the "G" component of the price of electricity is adjusted pursuant to the "M/N" factor and such other adjustments as described in Article VB of a Power Purchase Agreement dated December 9, 1987 by and between Altresco Pittsfield, Inc. and Massachusetts Electric Company, as amended from time to time, which Article VB of the Power Purchase Agreement, as amended, is incorporated by reference in this Agreement and made a part hereof. However, in no event shall the base commodity price be reduced below one dollar and twenty-five cents (\$1.25) per MMBtu in United States currency.

(b) Berkshire shall be obligated to reimburse Altresco for that percentage of the total monthly demand charges actually paid by Altresco under each of the Transportation Agreements which is equal to the percentage derived by dividing the total quantity of natural gas transported under each such Transportation Agreement for ultimate delivery to Berkshire during the month by an amount which is the product of Altresco's maximum daily firm quantity under each such Transportation Agreement and the number of days in the month.

6. Term: This Agreement shall be effective upon execution and shall be coterminous with the terms of

the Gas Purchase Agreement, the Support Agreement, the Transportation Agreements and the Berkshire Transportation Agreement but shall terminate in the event that (1) the parties are unable to obtain all necessary regulatory permits, consents and approvals, as required by section 4, on terms and conditions reasonably acceptable to both parties acting within a reasonable period of time, or (2) either the Gas Purchase Agreement, the Support Agreement, any of the Transportation Agreements or the Berkshire Transportation Agreement is terminated pursuant to the terms of each Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

ALTRESCO, INC.

By: *John Schaefer*  
President

THE BERKSHIRE GAS COMPANY

By: *Michael J. Malone*  
Vice President & Treasurer

**Attorney General's  
First Set of Information Requests**

**THE BERKSHIRE GAS COMPANY  
D.T.E. 05-58**

**Witness:** Karen L. Zink  
**Date:** December 9, 2005

**Question**

**AG 1-4:** Refer to Ms. Zink's testimony, p.8, lines 14-21. Please explain what is meant by the statement "...Dracut supply is never, as a practical matter, 'firm' and would likely be interrupted...?"

**Response:** In the past, production uncertainty has been very common at Dracut. For instance, when the wells at the platforms off the Nova Scotia coast go down for some reason, a force majeure will be declared because there is no storage in that area. Then, if any volumes are available, they will be prorated. The problems will typically occur during critical times when you need to rely on the gas being available. For all these reasons, the Company does not consider the supply out of Dracut as fully "firm".

**Attorney General's  
First Set of Information Requests**

**THE BERKSHIRE GAS COMPANY  
D.T.E. 05-58**

**Witness:** Karen L. Zink  
**Date:** December 9, 2005

**Question  
AG 1-5:**

Has the Company attempted to contract for supply at Dracut? Please provide copies of contracts related to purchasing gas at Dracut or priced based on Dracut prices. Explain any problems the Company has encountered with purchasing supplies at Dracut.

**Response:** The Company has not entered into any firm contracts for deliveries out of Dracut for the reasons stated in the response to AG 1-4. Any deliveries coming out of Dracut for the Company would be through the Alliance on a day-to-day basis where the opportunity presents itself.

**Attorney General's  
First Set of Information Requests**

**THE BERKSHIRE GAS COMPANY  
D.T.E. 05-58**

**Witness:** Karen L. Zink  
**Date:** December 9, 2005

**Question  
AG 1-6:**

Refer to Ms. Zink's testimony, p.9, lines 14-26. Please provide a copy of the Department's approval of the Distrigas contract. Include the original and all amendments.

**Response:**

In late 2004, the Company learned that the cogeneration plant underlying the Amended Fuel Purchase Agreement ("AFPA") resource would not be operational for the foreseeable future. As a result, Berkshire implemented a short-term plan to address the loss of this resource for the winter 04/05 period, namely the 364-day agreement with Distrigas for a quantity of 225,000 MMBtu of vaporized LNG. The term of this agreement did not require Department approval. However, as shown on Attachment AG 1-6(a), the Company notified the Department of the circumstances surrounding the loss of the AFPA resource and its contingency plans for the near-term.



November 2, 2004

VIA FACSIMILE AND REGULAR MAIL

Mr. George Yiankos, Director, Gas Division  
Department of Telecommunications and Energy  
One South Station  
Boston, Massachusetts 02202

Dear George:

Per our previous discussion, The Berkshire Gas Company ("Berkshire" or the "Company") recently became aware that its peaking supply of 7,500 MMBtu per day from the Altresco cogeneration facility (presently known as U.S. Generating Company) will not be available this winter. This source of supply has previously been provided to Berkshire pursuant to a Fuel Purchase Agreement ("FPA"). The FPA enables the Company to purchase a portion of the gas supply that the plant operator retained in order to operate a cogeneration plant located in Pittsfield. In fact, this purchase right has contributed to the Company's least cost, reliable resource plan for many years. However, circumstances relating to the electricity market that are beyond Berkshire's control have resulted in the facility not being operational this winter. Further, we have become aware that the facility no longer maintains its underlying gas supply contract and that the plant's operator has not retained its long-haul capacity into the facility. Thus, it is not a viable option for Berkshire to rely upon the ability to buy the supply or employ the capacity available to Altresco during this winter heating season and, perhaps, beyond. Based on this determination, the Company has had to consider other options to replace this supply for the short-term and long-term to ensure the continuing reliability of service. The following is a summary of the analysis the Company performed to determine how to replace this supply for the upcoming winter period as well as its plan to consider longer term alternatives.

**Propane**

As soon as the Company learned that the Altresco facility might not be operational for this winter, Berkshire immediately elected to fill its propane tanks for a potential supply option and purchased the right to call upon an additional 700,000 gallons in the winter. This step would replace the peaking service available under the FPA on a least cost basis as these facilities were already available to serve the Company. However, for several reasons the Company determined that it cannot rely on propane to completely replace the Altresco volumes. First, there is always a concern about allocations and truck driver hours that may result in untimely replacement of some or all of the propane supplies. Second, the Altresco resource has been used on days that are not necessarily peak days, i.e. at degree days that could be approximately a 50 degree day. When it is not extremely cold, there is not enough natural gas in the Company's distribution system to offset the high Btu content of propane. Operational or equipment problems could occur if the Btu content is too high. Thus, while propane is a good source for supplemental supply and an important resource in terms of reliability, the Company cannot rely on it to replace the entire 7,500 MMBtu per day volumes lost.

### **Dracut Capacity**

The Company also analyzed and considered purchasing available Dracut capacity. However, there were concerns regarding the potential for a gas supply to be delivered from Dracut. First, Berkshire determined that gas supply prices out of Dracut were extremely high. Second, even with those higher prices, there was no guarantee a gas supply would be available. Finally, Berkshire determined that Dracut supply is never, as a practical matter, "firm" and would likely be interrupted when the Company would most likely require the supply. Accordingly, due to the high costs and the limited reliability of this resource, Berkshire discounted this option.

### **Delivered Gas to Citygate**

Marketers that serve the Company's customers behind its citygate were contacted to determine if they had available delivered capacity and supply into Berkshire's service territory. One marketer had up to 4,000 MMBtu per day available. However, the marketer would require Berkshire to "baseload" the supply for the 151 day winter period and pay a premium. This would result in a "demand" charge for the 4,000 MMBtu supply that the Company does not, in fact, require for the entire 151 day period. Thus, the "cost" proposed was not in line with the "benefit" to the Company. Further, there would still be a shortage of 3,500 MMBtu per day that would have to be replaced. Thus, this option was rejected.

### **Other Capacity Options**

An additional option considered was to purchase capacity on the Iroquois system which would ultimately connect to and be delivered on the Tennessee Gas Pipeline Company system. Unfortunately, for this winter, the Iroquois capacity was available but the Tennessee capacity was not. Thus, this could not be considered for the short-term. However, the Company will investigate this option as a long-term solution.

### **LNG**

Berkshire also contacted Distrigas to determine whether it had excess LNG available for the winter which the Company could purchase in vapor form. Distrigas did have 7,500 MMBtu available for as many days in the winter as required by the Company. After aggressive negotiations, the Company elected to purchase up to 7,500 MMBtu per day with an annual contract quantity of 225,000 MMBtu over the upcoming heating season. There is a demand charge and commodity charge component to this contract which is similar to the cost of the other options the Company considered. However, in this scenario, the Company is only purchasing LNG when it is needed (for up to 30 days). The commodity charge component is comparably priced to what the Company would have paid historically for Altresco supplies. Thus, the incremental cost to the ratepayers is the cost of the demand charge. This agreement was for a short term and, therefore, does not require Department approval. However, the Company's longstanding practice is to advise the Department on these matters.

It is important to note that for 15 years the Company's ratepayers paid no demand charge for the rights to the Altresco peaking supply. Based on the prices quoted for the upcoming winter to replace this supply, it is clear that customers saved millions of dollars during this period. While it will be more costly this winter for peaking supply than it has been for the past 15 years, the Company has contracted for a reliable supply at a reasonable price. This contract was only pursued after a comprehensive consideration of all reasonably available alternatives. As

always, Berkshire will also attempt to optimize its portfolio so that its gas costs are as low as possible while maintaining its reliability of service.

In the upcoming months, the Company will continue to assess available alternatives so that a long-term peaking supply option will be in place after this winter. The approach employed by the Company to secure reliability for the upcoming winter period preserves the flexibility to pursue alternative longer term strategies. The Company expects to develop, analyze and implement a longer term strategy in the coming months. The Company will seek such approvals for this longer term plan from the Department as appropriate. In the meantime, should you have any questions on this issue, do not hesitate to call.

Thank you for your consideration.

Sincerely,

Karen L. Zink  
President, COO and Treasurer

**Attorney General's  
First Set of Information Requests**

**THE BERKSHIRE GAS COMPANY  
D.T.E. 05-58**

**Witness:** Karen L. Zink  
**Date:** December 9, 2005

**Question**

**AG 1-7:** Refer to Ms. Zink's testimony, p. 9, lines 14-26. Please provide the actual monthly cost of the Distrigas contract for each component, demand and commodity, and the volumes delivered during the term of the contract.

**Response:** See Attachment AG 1-7(a).

**\*\*ATTACHMENT IS CONFIDENTIAL AND PROPRIETARY\*\***  
**\*\*PROTECTIVE TREATMENT\*\***

Summary of Dstrigas Contract FVS237			
Month	MMBtu	Demand	Commodity
Nov-04	0		
Dec-04	19,500		
Jan-05	79,500		
Feb-05	0		
Mar-05	0		
Apr-05	0		
May-05	0		
Jun-05	0		
Jul-05	0		
Aug-05	0		
Sep-05	75,000		
Oct-05	0		
Total	174,000		

**Attorney General's  
First Set of Information Requests**

**THE BERKSHIRE GAS COMPANY  
D.T.E. 05-58**

**Witness:** Karen L. Zink  
**Date:** December 9, 2005

**Question**

**AG 1-8:** Refer to Ms. Zink's testimony, p. 11, lines 17-23. Please provide a status report on what arrangements the Company has made to replace the AFPA resource until the ConneXion capacity is available.

**Response:** The Company is pleased to report that it has entered into a letter of intent for a seven-year agreement with Coral Energy for a 90-day baseload service to replace the AFPA resource. For the first three years of the term of the agreement which commences on December 1, 2005, the volumes will be the same as the AFPA – 7,500 Dth. Beginning December 1, 2008, at which time the ConneXion volumes should be online, the volumes will be reduced to 5,000 Dth per day. On the days the Coral supply is not needed, the Company has the ability to sell the volumes back to Coral or into the marketplace. Berkshire expects that it will be submitting a filing to the Department for approval for this agreement before year-end. The Company executed an interim agreement with Coral pursuant to which it will be receiving service for this winter.

**Attorney General's  
First Set of Information Requests**

**THE BERKSHIRE GAS COMPANY  
D.T.E. 05-58**

**Witness:** Karen L. Zink  
**Date:** December 9, 2005

**Question  
AG 1-9:**

What supply arrangements does the Company anticipate making to utilize the ConneXion capacity, if the Department approves the company's proposed contract? Explain how the company proposes to obtain the related supply, the term of any supply contracts that the Company contemplates and the pricing arrangements.

**Response:** The Company anticipates it would issue a Request for Proposal to various suppliers to solicit interest in providing a supply for the ConneXion capacity. Berkshire would expect the terms of any contract and the pricing arrangements would be similar to its existing long-haul supply contracts.

**Attorney General's  
First Set of Information Requests**

**THE BERKSHIRE GAS COMPANY  
D.T.E. 05-58**

**Witness:** Karen L. Zink  
**Date:** December 9, 2005

**Question**

**AG 1-10:** Refer to Ms. Zink's testimony, p. 13, lines 22-25. Please provide the "detailed cost and non-cost analysis" to which Ms. Zink refers.

**Response:** Please refer to Ms. Zink's testimony, p. 12, lines 4-21 for a discussion of the non-cost factors considered when selecting the capacity. Please see Attachment AG 1-10 which ranks by least cost dispatch the cost of the ConneXion capacity to various alternatives.

**\*\*ATTACHMENT IS CONFIDENTIAL AND PROPRIETARY\*\***  
**\*\*PROTECTIVE TREATMENT\*\***



NE Connexion Capacity / Peaking Proposals Analysis  
Ranking by Least Cost Dispatch

Supplier	MDQ	ACQ	Demand Charge / Dth	Annual Demand Charge Cost	Commodity Charge Cost (Per Dth - Zone 0)	Commodity Charge Cost 100% Load Factor	Total Cost 100% Load Factor	Avg. Total Cost per Dth 100% Load Factor
NE Connexion Capacity	4,000	1,460,000						
Coral Energy (151 Day Service- Delivered)	10,000	1,510,000						
Amerada Hess (151 Day Service- Delivered)	10,000	1,510,000						
Sprague Energy (151 Day Service- Delivered)	10,000	1,510,000						
Distrigas (90 Day Service- Delivered) Option 1	7,500	675,000						
Coral Energy (90 Day Service- Delivered)	10,000	900,000						
Amerada Hess (90 Day Service- Delivered)	10,000	900,000						
Sprague Energy (90 Day Service- Delivered)	10,000	900,000						
Distrigas (90 Day Service- Delivered) Option 2	7,500	675,000						
Distrigas (Peaking Service) Option 2	10,000	350,000						
Distrigas (Peaking Service) Option 1	10,000	350,000						
Amerada Hess (Peaking Service)	10,000	200,000						

**Attorney General's  
First Set of Information Requests**

**THE BERKSHIRE GAS COMPANY  
D.T.E. 05-58**

**Witness:** Karen L. Zink  
**Date:** December 9, 2005

**Question**

**AG 1-11:** Please provide the economic analysis comparing the cost of gas, including the pipeline transportation costs, of using the ConneXion as the sole substitute for the AFPA (load factor should reflect the use as a peaking resource).

**Response:** The Company initially considered ConneXion as the sole substitute for the AFPA. Unfortunately, upon further discussion with Tennessee, it was determined that all but one of the Company's meter stations were fully subscribed and that only the Stockbridge meter station had some excess capacity available. Thus, this was not an option available to the Company without additional costs such as upgrading one of the meter stations and expanding the distribution system.

**Attorney General's  
First Set of Information Requests**

**THE BERKSHIRE GAS COMPANY  
D.T.E. 05-58**

**Witness:** Karen L. Zink  
**Date:** December 9, 2005

**Question**

**AG 1-12:** Please provide copies of all supply and transportation agreements that the Company has entered into to replace the Pittsfield cogeneration facility volumes for the winter of 2005/06. Provide the estimate cost of these supplies and delivery services for the winter 2005/06. Include all calculations, workpapers and assumptions.

**Response:** Please refer to the response to AG 1-8. Please refer to Attachment AG 1-12(a) which is a Gas Purchase Agreement and Attachment AG 1-12(b) which is an Interim Agreement. These agreements cover the interim period prior to the negotiation and approval of a long-term contract covering the terms of the Terms and Conditions reflected in Attachment 1-12(c). When completed, the Company will be filing this form for approval by the Department in the near term and will supplement this response at that time.

**\*\*ATTACHMENTS ARE CONFIDENTIAL AND PROPRIETARY\*\***

**\*\*PROTECTIVE TREATMENT\*\***

## Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: November 1, 2005 and The parties to this Base Contract are the following:

### Coral Energy Resources, L.P.

a Delaware Limited Partnership

Duns Number: 01-01-4421

Contract Number: 010-NG-BS-11302

U.S. Federal Tax ID Number: 76-0505584

### Notices:

909 Fannin, Plaza Level 1, Houston, TX 77010

Attn: Contract Administration

Phone: (713) 767-5400

Fax: (713) 767-5644

### Confirmations:

909 Fannin, Plaza Level 1, Houston, TX 77010

Attn: Contract Administration

Phone: (713) 230-7505

Fax: (713) 285-2171

### Invoices and Payments:

909 Fannin, Plaza Level 1, Houston, TX 77010

Attn: Gas Accounting

Phone: (713) 767-5400

Fax: (713) 767-5445

### Wire Transfer or ACH Numbers (if applicable):

BANK: JPMorgan Chase Bank

ABA: 021000021

ACCT: 323063876

Other Details:

### The Berkshire Gas Company

a Massachusetts Corporation

Duns Number: 00-695-5587

Contract Number:

U.S. Federal Tax ID Number: 04-1731220

115 Cheshire Road, Pittsfield, MA 01201

Attn: Jennifer Boucher

Phone: 413-445-0353

Fax: 413-442-7500

115 Cheshire Road, Pittsfield, MA 01201

Attn: Jennifer Boucher

Phone: 413-445-0353

Fax: 413-442-7500

115 Cheshire Road, Pittsfield, MA 01201

Attn: Jennifer Boucher

Phone: 413-445-0353

Fax: 413-442-7500

BANK: TD Banknorth

ABA: 211 370 545

ACCT: 1000 4976

Other Details:

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select only one box from each section:

<b>Section 1.2</b> Transaction Procedure <input checked="" type="checkbox"/> Oral (default) <input type="checkbox"/> Written	<b>Section 7.2</b> Payment Date <input checked="" type="checkbox"/> 25 <sup>th</sup> Day of Month following Month of delivery (default) <input type="checkbox"/> _____ Day of Month following Month of delivery
<b>Section 2.5</b> Confirm Deadline <input checked="" type="checkbox"/> 2 Business Days after receipt (default) <input type="checkbox"/> _____ Business Days after receipt	<b>Section 7.2</b> Method of Payment <input checked="" type="checkbox"/> Wire transfer (default) <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check
<b>Section 2.6</b> Confirming Party <input type="checkbox"/> Seller (default) <input type="checkbox"/> Buyer <input checked="" type="checkbox"/> <u>Coral Energy Resources, L.P.</u>	<b>Section 7.7</b> Netting <input checked="" type="checkbox"/> Netting applies (default) <input type="checkbox"/> Netting does not apply
<b>Section 3.2</b> Performance Obligation <input checked="" type="checkbox"/> Cover Standard (default) <input type="checkbox"/> Spot Price Standard  <i>Note: The following Spot Price Publication applies to both of the immediately preceding.</i> <b>Section 2.26</b> Spot Price Publication <input checked="" type="checkbox"/> Gas Daily Midpoint (default) <input type="checkbox"/> _____	<b>Section 10.3.1</b> Early Termination Damages <input checked="" type="checkbox"/> Early Termination Damages Apply (default) <input type="checkbox"/> Early Termination Damages Do Not Apply  <b>Section 10.3.2</b> Other Agreement Setoffs <input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) <input type="checkbox"/> Other Agreement Setoffs Do Not Apply  <b>Section 14.5</b> Choice Of Law <u>New York</u>
<b>Section 6</b> Taxes <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) <input type="checkbox"/> Seller Pays Before and At Delivery Point	<b>Section 14.10</b> Confidentiality <input checked="" type="checkbox"/> Confidentiality applies (default) <input type="checkbox"/> Confidentiality does not apply
<input checked="" type="checkbox"/> Special Provisions Number of sheets attached: <u>Two (2)</u> <input checked="" type="checkbox"/> Addendum(s): <u>Exhibit B - Credit Support Addendum</u>	

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

CORAL ENERGY RESOURCES, L.P.

Party Name

By

Name:

Title:

DAVID WELLS

Senior Vice President

THE BERKSHIRE GAS COMPANY

Party Name

By

Name:

Title:

Karen L. Zink  
President, COO & Treasurer

# General Terms and Conditions

## Base Contract for Sale and Purchase of Natural Gas

### SECTION 1. PURPOSE AND PROCEDURES

These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm or interruptible basis. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas. The entire agreement between the parties shall be the Contract as defined in Section 2.7.

The parties have selected either the "Oral Transaction Procedure" or the "Written Transaction Procedure" as indicated on the Base Contract.

#### Oral Transaction Procedure:

The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a "writing" and to have been "signed". Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure) provided that the failure to send a Transaction Confirmation shall not invalidate the oral agreement of the parties. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

#### Written Transaction Procedure:

The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of nonconflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.

If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract. However, nothing herein shall be construed as a waiver of any objection to the admissibility of such evidence.

### SECTION 2. DEFINITIONS

The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

"Alternative Damages" shall mean such damages, expressed in dollars or dollars per MMBtu, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.

"Base Contract" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein and any Special Provisions and addendum(s) as identified on page one.

"British thermal unit" or "Btu" shall mean the International BTU, which is also called the Btu (IT).

2.4. "Business Day" shall mean any day except Saturday, Sunday or Federal Reserve Bank holidays.

2.5. "Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.

2.6. "Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.

2.7. "Contract" shall mean the legally-binding relationship established by (i) the Base Contract, (ii) any and all binding Transaction Confirmations and (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in a binding Transaction Confirmation.

2.8. "Contract Price" shall mean the amount expressed in U.S. Dollars per MMBtu to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.

2.9. "Contract Quantity" shall mean the quantity of Gas to be delivered and taken as agreed to by the parties in a transaction.

2.10. "Cover Standard", as referred to in Section 3.2, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Buyer is the performing party, obtain Gas, (or an alternate fuel if elected by Buyer and replacement Gas is not available), or (ii) if Seller is the performing party, sell Gas, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the nonperforming party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.

2.11. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, a performance bond, guaranty, or other good and sufficient security of a continuing nature.

2.12. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.

2.13. "Delivery Period" shall be the period during which deliveries are to be made as agreed to by the parties in a transaction.

2.14. "Delivery Point(s)" shall mean such point(s) as are agreed to by the parties in a transaction.

2.15. "EDI" shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations under this Contract.

2.16. "EFP" shall mean the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of "Firm", provided that a party's excuse for nonperformance of its obligations to deliver or receive Gas will be governed by the rules of the relevant futures exchange regulated under the Commodity Exchange Act.

2.17. "Firm" shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.

2.18. "Gas" shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.

2.19. "Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.

2.20. "Interruptible" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.

2.21. "MMBtu" shall mean one million British thermal units, which is equivalent to one dekatherm.

2.22. "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.

2.23. "Payment Date" shall mean a date, as indicated on the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.

2.24. "Receiving Transporter" shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.

2.25. "Scheduled Gas" shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.

2.26. "Spot Price" as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average

of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

2.27. "Transaction Confirmation" shall mean a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.

2.28. "Termination Option" shall mean the option of either party to terminate a transaction in the event that the other party fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer for a designated number of days during a period as specified on the applicable Transaction Confirmation.

2.29. "Transporter(s)" shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular transaction.

## SECTION 3. PERFORMANCE OBLIGATION

3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed to by the parties in a transaction.

**The parties have selected either the "Cover Standard" or the "Spot Price Standard" as indicated on the Base Contract.**

### **Cover Standard:**

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s); or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s); or (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available, then the sole and exclusive remedy of the performing party shall be any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller and received by Buyer for such Day(s). Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

### **Spot Price Standard:**

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

3.3. Notwithstanding Section 3.2, the parties may agree to Alternative Damages in a Transaction Confirmation executed in writing by both parties.

3.4. In addition to Sections 3.2 and 3.3, the parties may provide for a Termination Option in a Transaction Confirmation executed in writing by both parties. The Transaction Confirmation containing the Termination Option will designate the length of nonperformance triggering the Termination Option and the procedures for exercise thereof, how damages for nonperformance will be compensated, and how liquidation costs will be calculated.

## SECTION 4. TRANSPORTATION, NOMINATIONS, AND IMBALANCES

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s). Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior Notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's receipt of quantities of Gas greater than or less than the Scheduled Gas, then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller's delivery of quantities of Gas greater than or less than the Scheduled Gas, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

## SECTION 5. QUALITY AND MEASUREMENT

Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

## SECTION 6. TAXES

The parties have selected either "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract.

### Buyer Pays At and After Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

### Seller Pays Before and At Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

## SECTION 7. BILLING, PAYMENT, AND AUDIT

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2. Buyer shall remit the amount due under Section 7.1 in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 Days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with this Section 7.2.

7.3. In the event payments become due pursuant to Sections 3.2 or 3.3, the performing party may submit an invoice to the nonperforming party for an accelerated payment setting forth the basis upon which the invoiced amount was calculated. Payment from the nonperforming party will be due five Business Days after receipt of invoice.

7.4. If the invoiced party, in good faith, disputes the amount of any such invoice or any part thereof, such invoiced party will pay such amount as it concedes to be correct; provided, however, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section.

7.5. If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.6. A party shall have the right, at its own expense, upon reasonable Notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 Days of Notice and substantiation of such inaccuracy.

7.7. Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.



## SECTION 8. TITLE, WARRANTY, AND INDEMNITY

Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.1. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THIS SECTION 8.2 AND IN SECTION 14.8, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

8.2. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

## SECTION 9. NOTICES

9.1. All Transaction Confirmations, invoices, payments and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

9.2. All Notices required hereunder may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

## SECTION 10. FINANCIAL RESPONSIBILITY

10.1. If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount and for the term reasonably acceptable to X, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or a performance bond or guaranty (including the issuer of any such security).

10.2. In the event (each an "Event of Default") either party (the "Defaulting Party") or its guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; or (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written Notice that such payment is due; then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the Contract, in the manner provided in Section 10.3, in addition to any and all other remedies available hereunder.

10.3. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date (the "Early Termination Date") for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law or that are, in the reasonable opinion of the Non-Defaulting Party commercially impracticable to liquidate and terminate ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is reasonably practicable, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of Section 10.3.1.

The parties have selected either "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.

**Early Termination Damages Apply:**

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The Non-Defaulting Party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section 10.3.1, "Contract Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

**Early Termination Damages Do Not Apply:**

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.

The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.

**Other Agreement Setoffs Apply:**

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff (i) any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract; or (ii) any Net Settlement Amount payable to the Defaulting Party against any amount(s) payable by the Defaulting Party to the Non-Defaulting Party under any other agreement or arrangement between the parties.

**Other Agreement Setoffs Do Not Apply:**

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract.

10.3.3. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 10.3.2 is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 10.3.2 shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of such amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount shall be paid by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount shall accrue from the date due until the

rate of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

(1) The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

(2) The Non-Defaulting Party's remedies under this Section 10 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Contract.

(3) With respect to this Section 10, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

## SECTION 11. FORCE MAJEURE

Except with regard to a party's obligation to make payment(s) due under Section 7, Section 10.4, and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension as further defined in Section 11.2.

Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation unless primary, in-path, Firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship, to include, without limitation, Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price, or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from this Agreement; (iv) the loss of Buyer's market(s) or Buyer's inability to use or resell Gas purchased hereunder, except, in either case, as provided in Section 11.2; or (v) the loss or failure of Seller's gas supply or depletion of reserves, except, in either case, as provided in Section 11.2. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.

The party whose performance is prevented by Force Majeure must provide Notice to the other party. Initial Notice may be given orally; however, written Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

Notwithstanding Sections 11.2 and 11.3, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

## SECTION 12. TERM

This Contract may be terminated on 30 Day's written Notice, but shall remain in effect until the expiration of the latest Delivery Period of any transaction(s). The rights of either party pursuant to Section 7.6 and Section 10, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any transaction.

## SECTION 13. LIMITATIONS

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

~~TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS UNCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.~~

## SECTION 14. MISCELLANEOUS

14.1 This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved or discharged from any obligations hereunder.

14.2 If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this Contract.

14.3 No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

14.4 This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.

14.5 The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

14.6 This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

14.7 There is no third party beneficiary to this Contract.

14.8 Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

14.9 The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

14.10 Unless the parties have elected on the Base Contract not to make this Section 14.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary to implement any transaction, or (iv) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure, and shall cooperate consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

14.11 The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties.

**DISCLAIMER:** The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this Contract by any party. NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.

**TRANSACTION CONFIRMATION  
FOR IMMEDIATE DELIVERY**

**EXHIBIT A**

Letterhead/Logo	Date: _____, ____ Transaction Confirmation #: _____			
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.				
<b>SELLER:</b> _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____	<b>BUYER:</b> _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____			
Contract Price: \$ ____/MMBtu or _____				
Delivery Period: Begin: _____, ____ End: _____, ____				
<b>Performance Obligation and Contract Quantity: (Select One)</b>  <table style="width:100%;"> <tr> <td style="width:33%; vertical-align: top;"> <b>Firm (Fixed Quantity):</b>                      _____ MMBtus/day  <input type="checkbox"/> EFP                 </td> <td style="width:33%; vertical-align: top;"> <b>Firm (Variable Quantity):</b>                      _____ MMBtus/day Minimum                      _____ MMBtus/day Maximum                      subject to Section 4.2. at election of  <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller                 </td> <td style="width:33%; vertical-align: top;"> <b>Interruptible:</b>                      Up to _____ MMBtus/day                 </td> </tr> </table>		<b>Firm (Fixed Quantity):</b> _____ MMBtus/day <input type="checkbox"/> EFP	<b>Firm (Variable Quantity):</b> _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	<b>Interruptible:</b> Up to _____ MMBtus/day
<b>Firm (Fixed Quantity):</b> _____ MMBtus/day <input type="checkbox"/> EFP	<b>Firm (Variable Quantity):</b> _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	<b>Interruptible:</b> Up to _____ MMBtus/day		
<b>Delivery Point(s):</b> _____ (If a pooling point is used, list a specific geographic and pipeline location):				
<b>Special Conditions:</b>				
Seller: _____  By: _____  Title: _____  Date: _____	Buyer: _____  By: _____  Title: _____  Date: _____			

**SPECIAL PROVISIONS TO BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS  
(FORM NAESB Standard 6.3.1) BY AND BETWEEN CORAL ENERGY RESOURCES, L.P., AND  
THE BERSHIRE GAS COMPANY DATED DECEMBER 1, 2005**

In the absence of a written agreement to the contrary, all outstanding transactions between the Parties, including those entered into prior to the effective date of this Contract will be subject to and governed by the terms of the NAESB Base Contract for Sale and Purchase of Natural Gas between the parties and this Addendum (hereafter "Contract").

**SECTION**

- 1.2** Oral Transaction Procedure:  
Delete the fifth sentence, and replace with the following: "Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means within three Business Days of a transaction covered by the Section 1.2 (Oral Transaction Procedure); provided, however, the parties agree that with respect to any transaction having a Delivery Period of less than one Month that such transactions shall be documented by a recording of the telephone transaction and that neither party shall submit a written Transaction Confirmation. If any transaction having a Delivery Period of less than one Month is not recorded by the Confirming Party, then the Confirming Party shall, and the other party may, confirm such transaction by sending a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means. The failure to send a Transaction Confirmation shall not invalidate the oral agreement of the parties. Each party shall be entitled to receive from the other party, upon reasonable request made to the other party, an accurate duplicate of the recording(s) made by such other party (if any) associated with a disputed transaction."
- 1.4** At the end of Section 1.4, insert the following text: "For those transactions documented by telephone recordings, no such transaction shall be vitiated should a malfunction occur in equipment regularly utilized for recording transactions or retaining any recorded transactions or the operation thereof, and in such event the transaction shall be evidenced by the written and computer records of the parties concerning the transaction made contemporaneously with the telephone conversation."
- 2.27** At the end of the sentence add the phrase: "except for those transactions having a Delivery Period of less than one Month which are documented by telephone recordings pursuant to Section 1.2."
- 3.5** Add the following new Section 3.5 titled Fixed Price Election:  
"If the parties enter into a transaction with a Contract Price that is a fixed price ("Fixed Price") as opposed to a Contract Price that floats based on external market factors or indices, for a specified quantity of Gas to be delivered at the Delivery Point for the relevant period, such Fixed Price shall not be subject to change and the corresponding quantities must be nominated by Buyer and shall be deemed to be the first Gas purchased during the applicable Month. If a Fixed Price is established for a quantity of Gas in a particular Month that is less than the total quantity of Gas delivered and received in such Month, and/or if more than one Fixed Price for different quantities of Gas has been established in a particular Month, then the first Gas purchased during said Month shall be the first quantities for which a Fixed Price was established, followed by any additional quantities in the order they are purchased. If due to an event of Force Majeure, Seller delivers, or Buyer takes, less than the full quantity of Gas required to be delivered, or taken, at a Fixed Price during any Month (a "Monthly Deficiency"), then (1) Buyer shall pay to Seller an amount equal to (a) such Monthly Deficiency (expressed in MMBtus) multiplied by (b) the amount, if any, by which the Fixed Price exceeds the applicable Spot Price (as defined below) for such Month and (2) Seller shall pay to Buyer an amount equal to (a) such Monthly Deficiency (expressed in MMBtus) multiplied by (b) the amount, if any, by which the applicable Spot Price for such Month exceeds the applicable Fixed Price. For purposes of this Section 3.5 only, "Spot Price" means the price specified in Inside FERC's Gas Market Report, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) as reported in the first publication for the Month in which such Monthly Deficiency occurred, as adjusted (up or down, as the case may be) by any incremental transportation costs or savings between the location of the applicable listing and the Delivery Point(s); provided that, if there is no single published price for such location, but there is a published range of prices, then the Spot Price shall be the simple average of the high and low prices. If the above publication ceases to be published during the term hereof, its successor publication shall be used or, if there is no successor, then a comparable monthly published index shall be substituted in replacement thereof."
- 5** Add the following sentence at the end of the paragraph: "EXCEPT FOR THE OTHER PROVISIONS IN THIS SECTION 5, SELLER HEREBY NEGATES ALL EXPRESS, IMPLIED, OR STATUTORY REPRESENTATIONS AND WARRANTIES OF ANY KIND, INCLUDING THOSE RELATING TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ARISING FROM COURSE OF DEALING OR USAGE OF TRADE."
- 10.1** Delete in its entirety and replace with the following paragraph under Section 10.1: "During the term of this Contract, the parties shall be required to meet and maintain the requirements contained in the Credit Support Addendum attached hereto as Exhibit B and incorporated herein."

- 10.2** Delete the following text from Section 10.2: "(vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; or (viii)", and add "(vii) fail to deliver or receive Gas under a Firm transaction (except as prevented by Force Majeure) for 10 cumulative days during any 30 day period; (viii) fail to perform any other material obligation under this Contract, (other than a failure to deliver or receive Gas and other than a failure specifically identified as a separate Event of Default hereunder) if such failure is not remedied within five (5) Business Days after receiving written notice thereof; or (ix) ".
- 10.3.1** Add the following sentence to the end of the 1<sup>st</sup> paragraph of Section 10.3.1: "If the determination pursuant to clauses (x) and (y) above of the difference between the Market Value(s) and Contract Value(s) of all the Terminated Transactions does not result in an amount being owed to the Non-Defaulting Party, it shall be deemed that such difference is zero."
- 10.3.2** The following is inserted after the last sentence thereof before the period: ";and/or (iii) any Net Settlement Amount payable to the Defaulting Party against any reasonable costs and expenses incurred by the Non-Defaulting Party as a result of the termination, acceleration and liquidation of the Terminated Transactions."
- 11.1** In the first sentence, amend to read, "Except with regard to a party's obligation to make payment(s) due under Section 3.5, Section 7, Section 10.4, and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure."
- 11.2** Include "and (vi) a claim of Force Majeure of the foregoing type by a third party supplying the Gas delivered or to be delivered hereunder."
- 14.12** Add the following new Section 14.12:  
"EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THE CONTRACT."

INITIAL/APPROVAL

BERKSHIRE	KLZ
CORAL	67

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**EXHIBIT B**  
**TO BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS**  
**BETWEEN**  
**CORAL ENERGY RESOURCES, L.P. and THE BERKSHIRE GAS COMPANY**

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**CREDIT SUPPORT ADDENDUM**

1. **Credit Terms.** Defined terms used in this Credit Support Addendum ("Addendum") and not defined in the Base Contract shall have the meaning set forth in Section 6 herein.

(a) **Security Threshold.** As used in this Addendum, "Security Threshold" means with respect to either Party, on any date of determination, the lowest of (i) \$7,500,000; or (ii) zero if a Material Adverse Change or a Event of Default has occurred and is continuing with respect to that Party or its Credit Support Provider, as applicable.

(b) **Material Adverse Change.** As used herein, "Material Adverse Change" means, in the reasonable opinion of one Party, that (i) a material adverse change has occurred in the business, financial condition or operations of the other Party or its Credit Support Provider, as applicable; or (ii) the ability of the other Party or its Credit Support Provider, as applicable, to meet its obligations under the Contract and/or a guaranty provided hereunder has become materially impaired; and/or a default has occurred with respect to indebtedness for borrowed money of the other Party or its Credit Support Provider, as applicable, that has resulted in an acceleration of such indebtedness in an aggregate amount in excess of \$5,000,000; provided, however, with respect to Coral, a Material Adverse Change shall not be deemed to have occurred so long as its parent, Coral Energy Holding, L.P., maintains a Credit Rating of at least BBB- by S & P or Baa3 by Moody's.

2. **Credit Requirements.** If at any time, and from time to time, during the term of the Contract, the Contract Exposure for a Party (the "Providing Party") exceeds such Party's Security Threshold, then the other Party (the "Requesting Party") may request that the Providing Party provide Performance Assurance in an amount equal to the amount by which its Contract Exposure exceeds its Security Threshold. On any Business Day (but no more frequently than weekly with respect to Letters of Credit and daily with respect to cash), the Providing Party, at its sole cost, may request that the amount of Performance Assurance be reduced based upon a decrease in the Contract Exposure as calculated on such Business Day. Any Performance Assurance being provided or returned shall be delivered within two (2) Business Days of the date of such request. The amount of Performance Assurance being provided by the Providing Party shall be rounded upwards to the next multiple of one hundred thousand dollars (\$100,000), and the amount of Performance Assurance being returned by the Requesting Party shall be rounded down to the next multiple of one hundred thousand dollars (\$100,000).

3. **Grant of Security Interest; Remedies.** To secure its obligations under the Contract, and to the extent it delivers Performance Assurance hereunder as the Providing Party, each Party hereby grants to the Requesting Party, as secured party, a present and continuing security interest in, lien on, and right of setoff against, all Performance Assurance in the form of cash, and any and all proceeds resulting therefrom, held by or on behalf of the Requesting Party. The Providing Party agrees to take such further action as the Requesting Party may reasonably require in order to perfect, maintain, and protect the Requesting Party's security interest in such collateral. Upon the occurrence and continuance of a Event of Default with respect to the Providing Party, the Requesting Party may (i) exercise any of the rights and remedies of a secured party under applicable law with respect to all Performance Assurance; (ii) exercise its right of setoff against any and all Performance Assurance; (iii) draw on any Letter of Credit issued for its benefit, and (iv) liquidate all Performance Assurance then held by the Requesting Party free from any claim or right of any nature whatsoever of the Providing Party. The Requesting Party shall either apply the proceeds of the Performance Assurance realized upon exercise of such rights or remedies to reduce the Providing Party's obligations under the Contract, in such order as it elects, and the Providing Party shall remain liable for any amounts owing to the Requesting Party after such application, subject to the Requesting Party's obligation to return any surplus proceeds remaining after such obligations are satisfied

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in full, or hold such proceeds as collateral security for the Providing Party's obligations under the Contract.

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4. **Credit Events Of Default.** The following events ("**Credit Events**") shall be additional Events of Default under Section 10.2 of the Contract and the Non-Defaulting Party shall have the right to exercise any of the remedies provided for under Section 10 of the Contract upon the occurrence of a Credit Event as provided herein:

- (i) the failure of the Defaulting Party to establish, maintain, extend or increase Performance Assurance when required pursuant to this Addendum; or
- (ii) the failure of the Defaulting Party's Credit Support Provider, if any, to perform any covenant set forth in any guaranty agreement delivered pursuant to this Addendum; or
- (iii) the failure of the Defaulting Party or its Credit Support Provider, as applicable, to timely provide financial information as required in this Addendum, and such failure is not remedied within thirty (30) Days after written notice of such failure is given to the Defaulting Party.

5. **Financial Information.** Upon request by Coral, Counterparty or its Credit Support Provider, as applicable, shall deliver to Coral (i) within one hundred (100) Days following the end of its fiscal year, a copy of the audited consolidated financial statements for such fiscal year certified by independent certified public accountants, and (ii) within forty-five (45) Days after the end of each of the first three fiscal quarters of its fiscal year, a copy of the quarterly unaudited consolidated financial statements for such fiscal quarter. In all cases, the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles or such other principles then in effect.

6. **Definitions.** With respect to this Addendum, the following definitions shall apply:

**"Contract Exposure"** means the net amount (i) determined pursuant to Section 10.3.1 of the Contract that would be payable from the Providing Party to the Requesting Party, as if a Early Termination Date had been declared pursuant to Section 10.3 of the Contract (notwithstanding whether or not a Event of Default has occurred) and all transactions had been terminated; (ii) plus the net amount of all other payments owed but not yet paid between the Parties, whether or not such amounts are then due, for performance already provided pursuant to any and all transactions conducted under the Contract; (iii) less the amount of any Performance Assurance then held by the Requesting Party.

**"Coral"** means Coral Energy Resources, L.P.

**"Counterparty"** means The Berkshire Gas Company.

**"Credit Rating"** means (i) with respect to a Party or its Credit Support Provider, as applicable, the lower of its long-term senior unsecured debt rating (not supported by third party credit enhancement) or its issuer rating by the specified rating agency, and (ii) with respect to a financial institution, the lower of its long-term senior unsecured debt rating (not supported by third party credit enhancement) or its deposit rating by the specified rating agency.

**"Credit Support Provider"** means a third party providing a guaranty for a Party pursuant to this Addendum. With respect to Coral, its Credit Support Provider shall be Coral Energy Holding, L.P.

**"Defaulting Party"** has the meaning set forth in Section 10.2 of the Contract.

**"Letter of Credit"** means one or more irrevocable, standby letters of credit from a Qualified Institution.

**"Moody's"** means Moody's Investors Service, Inc., or its successor.

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**"Non-Defaulting Party" has the meaning set forth in Section 10.2 of the Contract**

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**"Party" means a party to the Contract, and collectively referred to as the "Parties".**

**"Performance Assurance" means collateral in the form of cash, Letters of Credit, or other security acceptable to the Requesting Party. If the collateral is in the form of cash, interest shall accrue to the Providing Party. Notwithstanding the foregoing, any requirement for Coral to provide Performance Assurance shall be satisfied by a guaranty from Coral Energy Holding, L.P., and the value of such Performance Assurance shall be equal to the dollar limit contained in such guaranty.**

**"Qualified Institution" means the domestic office of a commercial bank or trust company (which is not an affiliate of either Party) (i) organized under the laws of United States (or any state or a political subdivision thereof), (ii) having assets of at least ten billion dollars (\$10,000,000,000), and (iii) having a Credit Rating of at least A- by S&P and at least A3 by Moody's.**

**"S&P" means Standard & Poor's Ratings Services (a division of McGraw-Hill, Inc.) or its successor.**

7. **Successors.** In the event of an assignment of the Contract by Counterparty as provided therein, the provisions of this Addendum shall not be applicable to any such assignee. In such event, an assignee will be required to meet the reasonable credit requirements of Coral for the extension of unsecured credit before further deliveries of Gas are made.

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November 29, 2005

Mr. Diego Molina  
Coral Energy Resources, L.P.  
909 Fannin Street, Plaza Level One  
Houston, Texas 77010-1035

Re: Interim Agreement -- Gas Purchase Agreement

Dear Mr. Molina:

This will confirm our agreement in connection with the interim purchase of gas supplies by The Berkshire Gas Company (the "Company"). As you know, the Company and Coral Energy Resources L.P. ("Coral") have executed a Gas Purchase Agreement dated as of November 1, 2005 ("Purchase Agreement") for the purpose of describing the terms and conditions pursuant to which Coral shall provide gas sales service to the Company. The Purchase Agreement is subject to regulatory review and approval, including the review of the Massachusetts Department of Telecommunications and Energy (the "Department"). However, it is necessary to implement certain measures during the Interim Period (as such as defined below) in order to provide necessary service for the Company.

Accordingly, we have agreed to execute this Letter Agreement to govern our activities for the period commencing December 1, 2005 and terminating on the later of (i) the date the Purchase Agreement is approved by the Department; or (ii) April 30, 2006 ("Interim Period"). During the Interim Period, Coral will provide Berkshire with gas sales service pursuant to this Letter Agreement. This Letter Agreement is governed by the terms and conditions of the Purchase Agreement, other than the term thereof, and both parties agree to be bound by the terms and conditions of the Purchase Agreement as if the same were fully effective.

If the foregoing correctly sets forth your understanding of our agreement for the Interim Period, please sign the duplicate copy of this letter and return it to me.

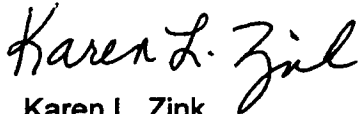
**The Berkshire Gas Company**  
115 Cheshire Road, P.O. Box 1388, Pittsfield, Massachusetts 01202-1388  
Telephone: (413) 442-1511 [www.berkshiregas.com](http://www.berkshiregas.com)

  
An Energy East Company

Mr. Diego Molina  
Coral Energy Resources, L.P.  
November 29, 2005  
Page 2


Thank you for your cooperation and we look forward to maintaining a mutually beneficial working relationship.

Very truly yours,



Karen L. Zink  
President, COO and Treasurer

ACCEPTED AND AGREED:

By:  \_\_\_\_\_  
DAVID WELLS  
SENIOR VICE PRESIDENT  
RSM 11/20/05  
DLM 11/30/05

**Shell Trading**

The Berkshire Gas Company  
D.T.E. 05-58  
Attachment 1-12(c)  
**CONFIDENTIAL**

### Term Sheet

The Berkshire Gas Company ("Berkshire Gas") and Coral Energy Resources, L.P. ("Coral") (collectively, the "Parties") hereby agree to enter into a firm baseload supply contract for the term described herein where Coral shall deliver to Berkshire Gas firm citygate volumes provided that all necessary credit, management and regulatory approvals are obtained along with all necessary documentation entered into.

**Proposal Structure:**

Coral shall provide primary point firm baseload gas supply to Berkshire Gas at its Pittsfield citygate for a 7-year period for the December through February term only. Coral will utilize commercially reasonable efforts to obtain from Tennessee Gas Pipeline Company ("TGP") the Right of First Refusal ("ROFR") pertaining to its Niagara to Pittsfield capacity. Commercially reasonable efforts will include discussing the ROFR issue with TGP. If TGP denies ROFR eligibility, then Coral will seek FERC clarification. If FERC determines that Coral is not entitled to obtain ROFR rights, then the 7-year baseload supply will continue to remain in effect and a discount will be applied as described in the section below entitled "Discount Calculation." If Coral obtains the ROFR, and prior to the end of the 7 year period, permanently assigns to Berkshire Gas rights to 5,000 MMBtu of Coral's TGP Niagara to Pittsfield firm capacity at maximum rate, pursuant to TGP's FERC Gas Tariff and applicable FERC capacity release regulations, then no discount will apply. The capacity assignment shall be accomplished in a timely manner to allow Berkshire to exercise renewal rights pursuant to Article III, Section 10.4 (or its successor) of TGP's tariff. At that point Berkshire shall hold the 5,000 MMBtu of such capacity in its own name and use it as it in any manner it chooses thereafter (consistent with TGP's FERC Gas Tariff and applicable FERC regulations and policies).

**Buyer:** The Berkshire Gas Company ("Berkshire Gas")

**Seller:** Coral Energy Resources, L.P. ("Coral").

**Term:** December 1, 2005 through February 28, 2006;  
December 1, 2006 through February 28, 2007;  
December 1, 2007 through February 29, 2008;  
December 1, 2008 through February 28, 2009;  
December 1, 2009 through February 28, 2010;  
December 1, 2010 through February 28, 2011; and  
December 1, 2011 through February 29, 2012.



# Shell Trading

**CONFIDENTIAL**

**Notification Time:** Five business days prior to the start of each month, Berkshire Gas and Coral will confirm in writing the volume to be nominated and provide all necessary documentation for scheduling of gas. The Parties will execute a NAESB Agreement including a written confirmation process no later than November 30, 2005.

**Delivery Point:** Tennessee Gas Pipeline Bousquet Meter #020747 (Pittsfield) or such other Delivery Point as the Parties mutually agree to in writing.

**Maximum Daily Quantity (MDQ):** For the terms of December 1, 2005 through February 28, 2006, December 1, 2006 through February 28, 2007 and December 1, 2007 through February 29, 2008 the MDQ shall be 7,500 MMBtus per day.

For the remaining terms of December 1, 2008 through February 28, 2009, December 1, 2009 through February 28, 2010, December 1, 2010 through February 28, 2011 and December 1, 2011 through February 29, 2012 the MDQ shall be 5,000 MMBtus per day.

**Type of Service:** Primary Point Firm Baseload. - Pittsfield, MA

In lieu of deliveries to Pittsfield, Berkshire Gas has the right to nominate to Coral the delivery of all or a portion of such supplies to other points in Tennessee Zone 5 and 6 on a secondary basis in accordance with the rights included in Tennessee's TGP's FERC Gas Tariff and subject to TGP's ability to deliver.

**Commodity Charge:**

**Buy Back Provision:** If Berkshire Gas deems that the volume to be purchased from Coral is not necessary, then Berkshire Gas has the right to sell back to Coral, and Coral shall purchase, all or portions of the gas Berkshire Gas determines are not necessary at an agreed to market price at the delivery point(s) or other mutually acceptable points.

Nothing herein shall prohibit Berkshire from selling any such volumes it does not deem necessary for its system to third parties off system.



# Shell Trading

**CONFIDENTIAL****"Assignment of Capacity":**

As described above, if it is determined that Coral has ROFR rights, then Coral agrees to assign to Berkshire Gas 5,000 MMBtus of its rights relating to the Niagara to Pittsfield firm capacity sufficiently prior to the end of Coral's capacity term on April 30, 2012, but in no event later than ninety (90) days prior to the end of the term in order to permit Berkshire Gas to exercise a right of first refusal for such capacity pursuant to TGP's FERC Gas Tariff.

**Discount Calculation:****Conditions:****Subject to:**

- a) Credit approvals;
- b) Management approvals;
- c) Regulatory approvals;
- d) Documentation with appropriate provisions of the agreement.

**THE BERKSHIRE GAS COMPANY****CORAL ENERGY RESOURCES, LP****By:**Karen L. Zink**By:**[Signature]**Name:**Karen L. Zink**Name:**David Weiss**Title:**President**Title:**SENIOR VICE PRESIDENT**BUYER****SELLER**

REC 11/30/05  
JLM 11/30/05

*Execution of an agreement evidencing binding commitments to proceed with the transactions contemplated by this Proposal is subject to the negotiation of all appropriate provisions of the agreement, including without limitation those relating to limitation of damages, and subsequent management and board approvals of the agreement. This Proposal is deemed confidential information of the parties.*